

Missoulian

Smurfit-Stone deal breathes new life into Frenchtown mill, community



MAY 06, 2011 6:00 AM • BY KIM BRIGGEMAN OF THE MISSOULIAN

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Wednesday's surprise announcement that the Smurfit-Stone Corp. pulp mill had been sold to a company that did not intend to scrap it was "sort of too good to be true," Missoula Mayor John Engen said.

"But I'll take it. I'm not a skeptic today. I'm a believer."

Two jeans-clad entrepreneurs - president Ray Stillwell and executive vice president Mark Spizzo of Green Investment Group Inc. of Illinois - stood in front of the monolithic factory and announced the purchase of the 3,200-acre mill site alongside a forever jeans-clad Gov. Brian Schweitzer.

"Our goals are to focus on recycling and also alternative energy," Stillwell said. "Those are the two things we favor, but they're not the only things we'll look at."

GIGI reached a joint sales agreement Tuesday afternoon with Smurfit-Stone and John Ralston's MLR Investments of Portland, Ore., the company that earlier this year announced it planned to demolish the mill and sell what it could for salvage.

It's the seventh abandoned Smurfit-Stone facility the Illinois-based company has snapped up since 2004.

"I don't think people realize how important this day is, because of the direction that it could have gone and the direction it will now go," Tom Dauenhauer said.

A former 25-year employee at the Frenchtown mill, Dauenhauer was the principal local real estate agent working on the sale of the old paper plant since it closed in January 2010.

Like many, he was dismayed with MLR Investment's plan to scrap the mill.

"I've been real close to this for the last 15 months, and I met with Ralston numerous times. I knew exactly what he was going to do," Dauenhauer said. "He wanted to chop it up into 160s and sell it off. He was going to sell anything he could make a buck on - the

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water rights, the Title V (clean air) permits - anything.

"If Ralston would have gotten his hands on it, it would have altered Missoula Valley's future for any kind of industry."

Contrast that to the two-man Green Investments Group. Stillwell is a lawyer who got into the business of acquiring and redeveloping abandoned mills in his hometown of Alton, Ill., 10 years ago. Spizzo is a longtime economic development director in Illinois.

"Mark and Ray are just good folks," Dauenhauer said. "They own six (former Smurfit) sites and they've got their heads around this community on a state and local level. There are no surprises with them."

Like Dauenhauer, Thad Huse was in the thick of sales negotiations at the Smurfit plant for more than a year. A business and commercial attorney, Huse said the two months since GIGI entered the picture in a serious way, and especially the final days and hours, were a wild roller-coaster ride.

"I've never tied the shoelace so close to closing in my life," Huse said. "I couldn't even tell you how close it got and how intense."

The turning point away from MLR and toward Green Investments came when Schweitzer appeared at the same gates in early March. In strong terms, he condemned the idea of scrapping the plant and promised to hold Smurfit-Stone to its cleanup obligations.

"But for what the governor did 58 days ago, it probably couldn't have happened," Stillwell said at the news conference. "It set the stage for our business plan to be presented and accepted in a way that we were really challenged to get to" before that.

Stillwell put Dauenhauer and Huse to work.

"We just started making calls and writing letters and working on it," Huse said. "We got real close, then we got real far apart, then we got real close, then we got far apart."

"Even Monday and Tuesday we were kind of far apart. We had an issue that we resolved five minutes after closing the sale, I'm not kidding you. That's how close it was."

Missoula County Commissioner Jean Curtiss sits on the board of the federally designated Bitter Root Economic Development District, which covers Ravalli, Mineral and Missoula counties. The Bitter Root Economic Development District was recently awarded a \$627,000 Community Trade Adjustments Grant from U.S. Department of Commerce.

"We're looking at green jobs, we're looking at economic gardening, which is that sort of synergistic playing off each other: So, if you've got a big company, what little things do they need? Do they need back office people to do stuff? That kind of thing," Curtiss said.

"This is perfect timing for that, because we've just been putting contractors on who are

going to start asking those questions and talking to people and seeing what they need and seeing what we can do to help."

Engen said he met with Stillwell and Spizzo three weeks ago, and came away encouraged.

"These are smart entrepreneurs, they're folks with a track record," the mayor said.

"They're people with foundational community values - they believe in good-paying jobs, they believe in labor, they believe in the middle class, they believe in environmental stewardship.

"I think that's all good stuff here on the fourth of May."

Reporter Kim Briggeman can be reached at 523-5266 or at kbriggeman@missoulian.com.